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RUEHUL/AMEMBASSY SEOUL 4443  
RUEHWL/AMEMBASSY WELLINGTON 1157  
RUEHBY/AMEMBASSY CANBERRA 3099  
RUEHKSO/AMCONSUL SAPPORO 3676  
RUEHNH/AMCONSUL NAHA 5476  
RUEHOK/AMCONSUL OSAKA KOBE 6928  
RUEHFK/AMCONSUL FUKUOKA 3136  
RUEAIIA/CIA WASHDC  
RUEKJCS/CJCS WASHINGTON DC  
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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000662

SIPDIS

FOR EAP/J

E.O. 12958: DECL: 03/24/2019

TAGS: [PGOV](#) [JA](#)

SUBJECT: OPPOSITION LEADER ICHIRO OZAWA WEIGHING OPTIONS

REF: TOKYO 490

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Classified By: CDA James P. Zuwalt for reasons 1.4 (b) and (d)

11. (C) SUMMARY: Opposition Democratic Party of Japan (DPJ) President Ichiro Ozawa is weighing his options following the indictment March 24 of his secretary, Takanori Okubo, for violating the Political Funds Control Law. Ozawa skipped his regular executive meeting to consult with his lawyer and to assess the public and political response to the Prosecutors' charge, according to Embassy media and political contacts. As of 1800, March 24, Ozawa and the DPJ had not scheduled a press conference. That said, many Embassy interlocutors predict that Ozawa will choose to stay on as party president because of the limited nature of the charge brought against Okubo, public dissatisfaction with the Prosecutor's Office, and strong support for Ozawa within the party. END SUMMARY

12. (C) As expected, public prosecutors on March 24 indicted Takanori Okubo, a publicly funded secretary of DPJ party leader Ozawa and an accountant of Ozawa's political fund managing body, Rikuzankai, for receiving illegal donations from Nishimatsu Construction Company through two dummy political organizations in violation of the Political Funds Control Law. The Tokyo District Public Prosecutor's Office decided that it can prove through witness testimonies that Okubo was aware of the illegality of his acts, according to Japanese media reports. Okubo was arrested March 3 for allegedly receiving the donations from 2003-06. Okubo, however, continues to deny the charges, claiming that he did not know that the two political organizations from which Rikuzankai was receiving donations were in fact Nishimatsu dummy entities.

13. (C) Ozawa, for his part, skipped his executive meeting this morning to hold consultations with his lawyer and to assess the situation, according to Embassy media and political contacts. Until now, the party leader has expressed his intention to continue taking a stand against

the allegations while carefully considering the effects the case might have on a Lower House election.

¶4. (C) Embassy contacts generally agree that Ozawa will not need to step down as a result of the indictment. Okubo was indicted only on charges of violating the Political Funds Control Law and not on more serious allegations of bribery. Such minimal action by the Prosecutor's Office could actually mean the end of the scandal as it relates to Ozawa, an insider from junior ruling coalition party Komeito told Embassy Tokyo March 24. The Prosecutor's Office, moreover, is refraining from questioning Ozawa on the matter. A senior DPJ member was quoted in the mainstream Japanese press over the weekend as saying that Ozawa would not resign unless the Prosecutor's investigation started to focus on Ozawa. Embassy contacts also point out the difficulty in proving such a case against a party leader. Prosecutors would face the daunting challenge of proving that Ozawa was involved in the decisionmaking, Asahi Shimbun reporter Taketsugu Sato told Embassy officers.

¶5. (C) Embassy contacts say that media criticism of the Prosecutor's Office could work in Ozawa's favor. The timing of the indictment continues to puzzle the public and could raise questions about the extent to which the indictment was politically motivated. The Office should be "ashamed" of its inability to obtain a confession from Okubo and to nail Ozawa, and will greatly suffer from the mistake, Hiroyuki Teranishi, a senior staffer in the ruling Liberal Democratic Party, told Embassy Tokyo separately.

¶6. (C) Ozawa still retains wide support within his party. A large number of senior DPJ members calculate that the party

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is better off with Ozawa as president, particularly in the runup to a Lower House election; losing him would negatively impact the party's ability to plan for the political battles ahead (Reftel). Some party members, including those who are distancing themselves from Ozawa, had accepted Ozawa staying on as party president if Okubo were only to face the current charges of violating the Political Funds Control Law, according to Japanese media reports. Ozawa's protgs within the party are being "very loyal" and are not saying anything that could "put Ozawa into a corner," Asahi Shimbun reporter Sato added.

¶7. (C) Voices of dissatisfaction remain, however. DPJ members are also expressing concern about the scandal's negative effect on the party's chances to win the Lower House election, particularly if more information comes to light. Prosecutors plan to reveal detailed evidence of Okubo's charges at the opening statement of the trial, which could further damage Ozawa and his party, according to Japanese press articles.

¶8. (C) Two scenarios are possible if Ozawa stays on as party president, explained Sato. As a party compromise, Ozawa could step down right before Lower House dissolution under the premise of poor health or any other reason, and the party could elect a successor heading into the election. A second scenario would be for Ozawa to cling to power, risking the potential negative impact such a decision might have on the party's election prospects.

¶9. (C) Embassy will report Ozawa's decision whether to stay on, septel, once he has held a press conference.

ZUMWALT